

Looking Forward to 2022



John Weedon, Managing Director of the Weedon Group, offers his thoughts on what the New year might bring.

We're heading to the end of 2021, and I think we're all ready for a fresh new year after a Christmas break! Our industry has seen unprecedented changes over the last year and a half – working environments have become barely recognisable with COVID restrictions, we have seen global paper demand outstripping supply as never before and we have had to counter sometimes impossible logistical challenges created by Brexit and COVID. Flick to my review of the global paper situation on page 4 to read some scary facts!

But as we enter a new year, we in the Weedon Group are more positive. With recent developments, we have cause to be optimistic about the future. Our focus is on ensuring that we continue to deliver consistently great service for all of our customers, across the full range of our work in eCommerce, display and transit packaging.

In response to market dynamics, we have embarked upon the largest capital programme in our company's history – we are investing £2 million across the Group. Some of this we have already announced. Other substantial pieces of equipment remain under wraps! This investment will deliver both an expansion in our capacity to meet growing demand, alongside new technology to improve our effectiveness in the UK corrugated market. Our team is now working

hard exploring all the ways this new technology can add value to our customers, to improve your business performance and help you with your business planning for the new year and beyond.

Our goals for 2022 centre on three big themes: sustainability, customer brand and innovation.

Sustainability – As I write, COP 26 is still fresh in our minds, highlighting widespread concern for the future of our planet if we continue to use and misuse resources without considering the impact of what we do. The corrugated cardboard industry has a great record for sustainability. 80% of all board consumed is recycled, for every tree felled to make paper three new ones are planted and 80% of the water used in paper mills is recycled.

Within an environmentally responsible industry, the Weedon Group is at the forefront with our working practices. Our in-house corrugator uses only paper from sustainable sources in the manufacture of corrugated board. Our packaging is manufactured from corrugated board made from paper produced from reclaimed waste and renewable resources. We use water-based inks and coatings and everything we produce can be recycled.

Branding – With retail undergoing difficult times for numerous reasons, branding has moved to the top of many of our customers' agendas. We are therefore investing in new

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printing equipment to support brand marketing for eCommerce, displays and on-shelf packaging. Our in-house design team offers expertise in all the aspects of packaging design which combine to create an effective and consistent brand image – creative graphic design, clever structural design and unique retailer expertise to minimise speed to market.

Innovation – We are helping our customers to be innovative in tackling the challenges of cost pressures and inflation. Through right-sizing, you can reduce your use of packaging materials, with savings to the environment and your bottom line. We have built a comprehensive database of materials performance, and in our fully equipped testing laboratory we can demonstrate the effectiveness of alternative board grades which will save you money but still do the required job.

By focusing on sustainability, branding and innovation, and investing to increase capacity, we expect to be able to meet rising demand and help our customers to achieve their goals for 2022. Happy New Year!

Design Focus

In this column, we introduce some of the innovative ideas which our in-house graphic and structural designers have developed to solve specific problems for our customers.



The Benefits of Keeping it All In-House

A Case Study for Russian Vodka

The Problem

Towards the end of October, we were asked to create a quarter pallet prefilled shipper to hold 96 bottles of a new brand of Russian vodka produced by Roust, for launching exclusively as a Christmas promotion in Morrisons stores. Time was of the essence if the product was to make it into Christmas shopping trolleys!

The bottles needed a promotional neck label adding prior to being security tagged. An appealing design was required for maximum in-store impact.

The Solution

We developed an attractive shipper with litho printing in four colours on the main unit and screen printing in two colours on the trays. By combining these two styles of printing we were able to offer the customer a stunning design at an economical cost.

We delivered the shippers in mid-November, less than a month after receiving the initial briefing. By keeping the whole project, from design through to delivery in-house, we can control both schedules and quality.

The Benefits

- With our extensive knowledge of retailer requirements, we were able to design the display to Morrisons' specific shipper guidelines.
- By undertaking transit testing in-house, we ensured that the unit was fit for purpose, giving our customer peace of mind.
- Our on-site co-packing facility filled the shippers prior to despatch.
- We delivered directly to Morrisons' national distribution centres, saving transit time.



Read our other [case studies](#) to find out how we have used our expertise to solve specific packaging problems for our customers.

From Zero to Hero in 8 Weeks



During the summer, we took on a new customer who has gone from a standing start to become one of our largest customers, with an account worth £2 million, in the space of just a couple of months.

In August Weedon PSC won a tender competition to become sole supplier of Retail Ready Packaging for Freshpak, one of Britain's leading chilled food manufacturers. Based in Barnsley, South Yorkshire, Freshpak makes a huge range of sandwich fillings, dips, vegetable and fish patés, mayonnaise and egg products. The company supplies all the major supermarkets, as well as food service outlets and other food manufacturers, and is the leading supplier to a market worth over £100 million a year.

Freshpak's problem came when their existing supplier unexpectedly stopped supplying them with immediate effect. With no handover period, this left Freshpak in urgent need of packaging to keep their products on the shelf.

We had never undertaken any work for Freshpak before but, within a few days we had new tooling ready for their range of packaging, artworks, colour swatches and samples had all been approved and we had gone into production. In eight weeks we had built up a supply of boxes and were already delivering On Time in Full.

Peter Weedon, Group Operations Director, commented:

"The key to our speedy response lies in the fact that we offer a complete packaging solution, with all stages of packaging design and production available under one roof. This improves communication, collaboration and control and reduces the time wasted between the different parts of the packaging production process. Having our own corrugator also gives us control over our supply chain. With everyone pulling together, our team was able to meet the customer's needs in superhero time."

To manage deliveries, we set up a dedicated logistics hub in Lichfield, from where we deliver fast and direct to Freshpak's base of operations in Barnsley.

What's New

An Update on the Die-cutter

When we installed an additional Century large-format die-cutter in our Weedon PSC factory in Hednesford, we expected it would enable us to expand production capacity by 33%.

In fact, barely a couple of months down the line, we can report that it has increased our capacity by 40%, and is producing excellent quality die-cut packaging. It is a flat-bed machine which cuts large sheets and strips as it cuts for speed and efficiency. Running 20% faster than our other die-cutters, the Century is helping us to meet increased demand for online retail packaging.



An Audience with...

Mel Clayton

Sales Office Manager, Weedon PSC



Q) How long have you been with the Weedon Group and what is your role within the company?

A) I am the Sales Office Manager for Weedon

PSC, based in Hednesford. I've been with the company for six and a half years now ... but it seems like only yesterday when I joined the team!

Q) What do you enjoy most about your role and what do you find most challenging?

A) I like to be busy and being in such a fast-paced environment means the day just flies by! The most challenging thing I find is trying to fit every customer order into our production plan. Since COVID and the expansion of eCommerce, the demand for corrugated packaging has risen significantly and our factory is working flat out to make sure we continue to supply what our customers need, when they need it, so we don't let them down.

Q) What do you think makes the Weedon Group unique in the marketplace today?

A) Because we are a family-run independent business, there is a different atmosphere at Weedon PSC compared with some of the big multi-national corporations. We try to get to know our customers and to provide them with a more personalised service. All the feedback is that this approach is very much appreciated.

Q) What innovations do you see making a real difference to our customers?

A) We have an amazing in-house design team who seem to be able to create the impossible!

We look at what our customers need and then tailor a design to their exact specifications rather than supplying a 'one size fits all' solution. This sets us apart from some other companies.

Q) How do you see the future of the packaging and Point of Sale industry?

A) COVID has turned the packaging industry into a mad crazy world where nobody knows what the market is going to do! We assumed January 2021 would be a quieter time following COVID-crazy 2020, but that didn't happen. It hasn't slowed down at all this year. Who knows where we will end up!

Q) What makes a 'good day' for you?

A) Getting customer orders out on time! Knowing that we have managed to support our customers, met their requirements and made them happy. If we manage this, we have a happy team as well!

Q) What do you enjoy doing in your spare time?

A) I'm a home bird and spend most of my spare time with my family. When I'm not taking my children to footie or dancing or swimming, it's walks or cycling on the Chase together, movies and game time ... It's a mum's life! Oh, and maybe the odd glass of wine!

Hampers for the Helpers

In the run up to Christmas, we have produced 1250 festive hamper boxes for the NHS for distribution to hospitals in the Manchester area. The hampers – and the goodies they contain – will hopefully bring some Christmas cheer to hard-pressed staff in various hospitals including Manchester Royal Infirmary, Manchester Children's Hospital, St Mary's Hospital, the Manchester Eye Hospital, North Manchester Hospital, Withington Hospital and Trafford General.



We wish all our customers and staff a Happy Christmas and a prosperous New Year.



Industry Insight

Some Scary Facts

Managing Director John Weedon reviews the global, European and UK paper situation and its implications for the corrugated industry:

During 2021 we have witnessed exceptional levels of box demand, with a market imbalance not seen since the early 1970s. Indeed UK sheet board and box production has been unable to keep up with demand since the fourth quarter of 2020.

The paper supply chain has been hampered by labour shortages in paper mills, ports and transport companies, and by rising exports of paper for manufacturing cardboard to China.

It is good news that European containerboard production is up 10% year-on-year in tonnage terms. It is also encouraging that, to meet increased demand, paper manufacturers have invested in additional paper-making machines which are beginning slowly to come on stream, though they are not yet having a great impact. Even when their new capacity is producing reliably, they will not be transformational, and a continued shortfall in supply relative to demand therefore seems likely to continue for some time.

Rising prices

As a result of all this, prices have been rising throughout the corrugated supply chain:

- The price of OCC (old corrugated cardboard for recycling) in the UK has risen almost every month in 2021 and is 87% higher so far this year than last. On the continent, OCC prices are approaching 300% of their pre-pandemic levels. This is not helped by weaker UK reclamation figures resulting from the pandemic – recycling of paper and cardboard is down from 75% to about 65%.
- Paper prices have risen in nine out of ten months so far in 2021 and headline prices are over 100% higher (depending on the grade) than last December.
- One of the effects of this is that UK corrugated sheet board prices have risen by 52-55% in the year to date.
- At the end of the supply chain, UK box prices have risen by 45-55% so far this year, depending on the grade.

Increasing demand

2022 looks unlikely to show a reduction in demand for a number of reasons:

- Online retailing has doubled as a percentage of all retail sales in recent years (currently 28%). It takes a lot more corrugated to wrap around one postal pack than a multi-pack in a traditional retailer!
- 2021 has seen strong economic growth: the USA up by 6%, China by 8% and the Euro area by 4.8%.
- The UK economy is on track to deliver the

- strongest growth among the G7 economies.
- The Plastic Packaging Tax, which is due to become law in April 2022, and the move towards sustainable packaging, are also expected to drive paper consumption.
- Whilst annual corrugated demand typically grows by around 2% in a good year, UK volumes are up by 15%+ in 2021.

Looking ahead

The global economic recovery looks to remain robust and is feeding into rising labour costs (including artificial stimuli from changes to the National Minimum wage and NI costs), transport and energy costs. The cost of wholesale gas this year is up around 320% in the UK, which equates to an extra £3.3 million per year for a typical paper mill using some 6 million cubic metres of gas annually. As a result, inflationary pressure looks set to continue as we exit 2021.

When there is not enough of a commodity available, prices will keep rising until there is a closer equilibrium between supply and demand. Additional paper, board and box conversion capacity will come on stream and I expect this to bring the market into balance at some point... but I can't see that happening soon in 2022, certainly not in the first half of the year.

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